

Governor Phil Murphy

Governor Murphy Signs Legislation to Limit Excessive Third-Party Delivery Service Fees During COVID-19 State of Emergencies

06/26/2020

TRENTON – Governor Phil Murphy today signed legislation (S2437) which places limits on service fees charged to restaurants by third-party delivery applications and websites during state of emergencies declared by the Governor in response to COVID-19. The legislation provides much needed relief to restaurants across New Jersey that have faced excessive fees while being limited to takeout and delivery service.

“By following public health guidelines, restaurants across New Jersey have contributed to flattening the curve and to the enormous progress we have made against COVID-19,” **said Governor Phil Murphy**. “Through this legislation, now law, dining establishments throughout our state will receive much needed relief from excessive service fees if public health necessitates the return of dine-in restrictions.”

The legislation prohibits third-party food takeout and delivery service applications and websites from charging service fees greater than 20 percent of the cost of the individual order or greater than 10 percent of the cost of the individual order, when the order is delivered by an employee of the restaurant or an independent contractor with whom the restaurant has contracted directly. The limits are in effect during a state of emergency and until the first day of the third month following any state of emergency declared by the Governor in response to COVID-19 that restricts restaurant dine-in service to less than 25% of the maximum capacity allowed by law.

Primary sponsors of this legislation include Senators Vin Gopal and Joseph Cryan and Assemblymembers Annette Quijano, Serena DiMaso, and Aura Dunn.

“Some of these so-called service fees for food delivery are just way out of line,” **said Senator Joe Cryan**. “Restaurants have been some of the hardest hit businesses in the shutdown and they face an uphill struggle as we gradually reopen. For now, they are relying on takeout to try to keep their businesses alive. It is unconscionable to take advantage of this crisis by charging them inflated fees for delivery service. We need to support local businesses and work together to get through these hard times.”

“During this crisis, many struggling restaurants have turned to third-party deliveries to make ends meet, but some bad actors have taken advantage of them with unaffordable fees,” **said Senator Vin Gopal**. “I’m proud to sponsor this new law, which will protect these restaurants as they work hard to feed our communities and families while weathering this pandemic.”

“Since the COVID-19 pandemic began, restaurants have been limited to offering takeout and delivery options to customers,” **said Assemblywoman Annette Quijano**. “As a result, customers have been turning to food takeout and delivery apps to simplify the process of ordering food from their favorite restaurant. It’s likely many don’t know that the restaurant they are trying to support is actually paying an enormous fee to the they’re ordering from. There’s no reason for apps to be charging outlandish fees to restaurants during the

middle of a global public health emergency. Apps can be a vital tool in helping restaurants stay in business, but that won't be the case if they are charging unreasonable fees. It's time we put a stop to this unfair practice and ensure restaurants will only be responsible for a fair fee per order."

"It's a margin killer for many of our Main Street businesses," **said Assemblywoman Serena DiMaso.**

"They're keeping 32 percent of the order payment in a restaurant business where margins are maybe 15 or 20 percent."

"Third-party services are no longer fringe experiments, but rather a mainstream piece of the restaurant business," **said Assemblywoman Aura Dunn.** "For all their hard work to keep afloat, this cap helps those restaurants stay in business."

Governor Phil Murphy

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